

# Memorandum

MIAMI-DADE  
COUNTY

**Date:** September 8, 2005

CRA

Agenda Item No. 4A

**To:** Honorable Chairperson and Members,  
Board of Commissioners of the NW 7<sup>th</sup> Avenue  
Corridor Community Redevelopment Agency

**From:** George M. Burgess  
CRA Executive Director

**Subject:** Report Recommending a Waiver of the formal bid procedures in RFP CRA001 for the  
NW 7<sup>th</sup> Avenue Corridor Development Project

## RECOMMENDATION

This report presents the justification for a recommended waiver of the formal bid procedures in RFP CRA001 for the NW 7<sup>th</sup> Avenue Corridor Development project and a recommendation that the Board of Commissioners of the NW 7<sup>th</sup> Avenue Corridor Community Redevelopment Agency (the CRA Board), authorize negotiations with Potamkin Development I-95 LLC.

## BACKGROUND

On March 1, 2005 the CRA Board adopted Resolution CRA-1-05, which authorized the issuance of a request for proposals (RFP) to develop a retail auto mall within the boundaries of the NW 7<sup>th</sup> Avenue Corridor Community Redevelopment Area and to establish an evaluation/selection committee for RFP No. CRA001. The deadline for receipt of proposals was April 29, 2005. Following this process, the Office of Community and Economic Development (OCED), the issuing department received responses from one (1) vendor, Potamkin Development I-95 LLC.

On July 8, 2005 the evaluation/selection committee after some deliberation, requested an opinion of the County Attorney's Office (CAO) on the responsiveness of the sole proposal received relative to Section 3.2 (6)(b) – Development Plan/Vision and Section 3.2 (7) – Financial Capability of the RFP. The CAO, upon review of the proposal, opined that the proposal was non-responsive to the RFP's minimum qualification requirement, that the proposer at the time of submission must have at least three (3) distribution rights for the territory within the Primary Redevelopment Project Area. The CRA Board, after receiving public input relative to a report on RFP No. CRA001 at its August 23, 2005 meeting accepted the staff recommendation to reject the sole proposal that was received in response to the RFP and directed staff to review and determine if there was appropriate justification for a waiver of the competitive process.

Notification and distribution relative to RFP No. CRA-001 was achieved nationally in the March 21, 2005 issue of Automotive News - this publication claims an 80% readership in the entire automotive industry. The South Florida Automotive Dealers Association's publication of March 21, 2005 provided the vehicle for a regional distribution of the ad for the RFP. Further, a March 10, 2005 ad in the Miami Herald, in addition to posting on the OCED web-site, supplemented with telephone calls and mail outs to local automotive enterprises, provided for extensive noticing and distribution of the RFP.

Inquiries regarding the RFP were received from several individuals and enterprises throughout the country. The vast majority however, were interested in offering consultant services for the development project to the County and/or the successful proposer. Only two inquiries were directly related to responding to the RFP. Discussions with Rick Baker, Director, South Florida Automotive Dealers

Association suggested that responses to the RFP could be limited because a franchisee outside of the South Florida could only participate if the franchisee has a South Florida franchisee partner.

As part of an ongoing effort to evaluate the solicitation process relative to RFP CRA001, staff has contacted several interested parties for follow-up comments. The follow-up process involved telephone calls to five (5) industry sources – four (4) of whom responded - representing a diversity of interest, all with the capacity to respond to the RFP. Staff's research has revealed that, even if the minimum threshold requirement to have three (3) distribution rights at the time of submission had been removed from the RFP, there is a reasonable expectation that there would likely have been no additional responses to RFP No. CRA001. Consequently, staff considers it in the best interest of the CRA Board to waive the formal bid procedures in RFP CRA001 and authorize negotiations with Potamkin Development I-95 LLC.

In general, the factors that contributed most to staff's recommendation was the often stated position of the industry experts contacted, that the challenge of putting partnerships together with automotive distribution rights that do not violate both state and manufacturer territorial rights, in addition to obtaining manufacturer approval for relocation of franchises, are challenges that would generally require 12 to 18 months to negotiate. It was also noted that NW 7<sup>th</sup> Avenue Corridor within the area of the development project, does not currently provide the commercial and economic environment to support a growing automotive sales market. Neither does its demographics in terms of income, family size, homeownership rate and level of security, meet the criterion that original equipment manufacturers have established to justify new investment in automotive franchises. Potamkin Development I-95 LLC's proposal addresses the majority of the stated challenges, such as franchisee rights, redevelopment of the entire project area – to include security, the appropriate mix of nameplates for the market, and accessing I-95 frontage to expand potential automobile sales.

A summary of comments made by the four individuals contacted during our research and which forms the basis of our recommendation to authorize negotiations follows:

➤ **Bill Cash President/CEO, Fitzgerald Auto Mall, Rockville MD. [Manages 10 Auto Malls]**  
**(301) 881-4000. (08/24/05)**

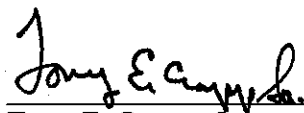
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- Was not interested, because the project is located outside of his geographic area of concentration.
  - There are few organizations in the country with the financial capacity and distribution rights to undertake project
  - Not involved in the construction of auto malls; only in the operation and management [...we shop developers to build our auto malls]

➤ **Tom Bolf. Esq. – Holman Enterprises – Ft. Lauderdale, FL (954) 527 – 2474 ( 08/24/05)**

- Issues are not with RFP, but with nature of the industry.
- Manufacturer territorial assignments and state regulations had greater influence on the number of respondents than the RFP; cannot pigeon-hole a dealership into a territory
- Florida – one of 37 states that limits location of similar name plate within a 12 ½ mile radius for a population greater than 300,000

- Success depends on creating an environment that would energize the market for new car sales and not depend on the immediate surrounding community only. Major contributing factor is the frontage of I-95, which will provide exposure to high traffic volume. Other requirements of the auto mall is that it must be:
  - Safe /secure
  - Controlled
  - Name plates that the market can absorb (low and midrange)
- **Metropolitan Properties Inc. (Auto Mall Developers), Birmingham, AL– Robert Gottlieb (205) 969-3108 (08/24/05)**
  - Acreage (30 acres) too small for the size of projects this company prefers. Generally, look at projects with 125+ acres.
  - Demographics indicate that area best suited for "department store" type nameplates e.g. Chrysler/dodge/jeep; franchises already exist within the territorial boundaries; manufacturer franchise agreements dictate where nameplates are located
  - Visibility to I-95 (and access) would be tremendous benefit; expands market to people within a drive time of 1½ hours (generally, 50% of car buyers shop within a 3-mile radius of their home, while 50% drive all over town)
  - Will work because of synergy of several name-plates
  - This is how autos will be sold in the future (auto/financing/insurance all in one)
- **Glen Gardner, V.P. Southern Operations (Holman Enterprises – 25 Franchises) (954) 523-7307 (08/29/05)**
  - Considered responding to RFP. Initially excited about concept; however would have taken 12-18 months to negotiate franchisee agreements
  - Elected to become one of the franchisees in the Auto-mall
  - Considers project viable with appropriate mix of name-plates which based on those identified in the Potamkin response will be adequate to support the market.

As a result of the research conducted, staff has concluded that reasonable justification exists for a waiver of the competitive process.



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Assistant CRA Executive Director